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Tired refrain: Budget picture worsens for Montgomery County

Shortfall almost \$1B; more cuts likely to services, programs

by Erin Cunningham | Staff Writer

By the time the Montgomery County Council adopts a fiscal 2011 budget in May, it will have filled a roughly \$1 billion budget hole, according to new information the council heard Tuesday.

County Executive Isiah Leggett (D) will be recommending additional cuts to his proposed fiscal 2011 budget next week, said Joseph Beach, the county's director of the Office of Management and Budget.

Leggett's proposal already has about \$779 million in cuts that include up to 232 layoffs of county employees and two weeks of unpaid leave for some employees.

Beach said next week's proposal will include cuts to services and programs but declined to give more details.

Council Vice President Valerie Ervin (D-Dist. 5) of Silver Spring said the county's new projected budget gap was "enormous," and some council members questioned how they would proceed.

The council is expected to adopt a budget by Memorial Day.

The budget gap has grown from an original estimate of \$608 million that officials were working with earlier this year. The most recent figure was \$779 million.

"None of us anticipated that it would be like this," said Councilman George L. Leventhal (D-At large) of Takoma Park.

The council heard the new figures during a fiscal briefing Tuesday with council staff and county budget officers. The intent was to hear a review of the budget by council Staff Director Stephen Farber.

However, news from county Chief Administrative Officer Timothy Firestine became the focus, as the council learned that revenue projections are expected to fall short. County officials learned Friday that income tax revenue, which is distributed by the state, likely

would be \$168 million less than projected, affecting the current fiscal year's budget and next year's — bringing the total shortfall to \$947 million.

Last month, Leggett told the council that income tax revenue was \$24 million short.

The county had been expecting about \$30 million, but received only about \$5 million from the March distribution, which consists of delinquent payments, audited adjustments and fiduciary payments.

Next week's proposal by Leggett to make up for the \$168 million shortfall will include a plan to bolster the county's reserve fund, as officials had been planning before Friday's report, Beach said.

The proposal will include cuts to fiscal 2010 and fiscal 2011, he said.

The county's grim budget picture will force the council to "act like grown-ups" and make some hard decisions, said Councilwoman Nancy Navarro.

Councilman Michael J. Knapp (D-Dist. 2) said he was annoyed by Leggett's requests that the council not increase spending in fiscal 2011, saying the council is aware of the budget picture.

Firestine shared a message from Leggett Tuesday urging the council not to add expenditures to the fiscal 2011 budget.

"I think we all know we can't spend any more money," Knapp said.